

**NEUSTAR, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Common stock options to purchase an aggregate of 3,965,256, 4,155,395 and 4,124,861 shares were excluded from the calculation of the denominator for diluted net income per common share due to their anti-dilutive effect for the years ended December 31, 2009, 2010, and 2011, respectively.

**16. SEGMENT INFORMATION**

The Company has three operating segments, reflective of the manner in which the CODM allocates resources and assesses performance: Carrier Services, Enterprise Services, and Information Services. On November 8, 2011, the Company completed its acquisition of TARGUSinfo and introduced its new Information Services operating segment. The Company's operating segments are the same as its reportable segments.

During the second quarter of 2011, the Company ceased operations of its Converged Messaging Services business and the results of operations of this business have been reclassified as discontinued operations in the Company's consolidated statements of operations for each of the periods presented (see Note 3).

The Company's Carrier Services operating segment provides services that ensure the seamless connection of its carrier customers' numerous networks, while also enhancing the capabilities and performance of their customer's infrastructure. The Company enables its carrier customers to use, exchange and share critical resources, such as telephone numbers, to facilitate order management and work flow processing among carriers, and allows operators to manage and optimize the addressing and routing of IP communications.

The Company's Enterprise Services operating segment provides services to its enterprise customers to meet their respective directory-related needs, as well as Internet infrastructure services. The Company is the authoritative provider of essential registry services and manages directories of similar resources, or addresses, that its customers use for reliable, fair and secure access and connectivity. The Company provides a suite of DNS services to its enterprise customers built on a global directory platform. The Company manages a collection of directories that maintain addresses in order to direct, prioritize and manage Internet traffic, and to find and resolve Internet queries and top-level domains. The Company's services monitor and load-test websites to help identify issues and optimize performance. In addition, the Company provides fixed IP geolocation services that help enterprises identify the location of their consumers used in a variety of purposes, including fraud prevention and marketing. Additionally, the Company provides directory services for the 5- and 6-digit number strings used for all U.S. Common Short Codes, which is part of the short messaging service relied upon by the U.S. wireless industry.

The Company's Information Services segment provides a broad portfolio of real-time information and analytics services that enable clients to identify, verify and score their customers and prospective customers, or prospects, to deliver customized responses to a large number of consumer-initiated queries. As an example, the Company provides marketers with the ability to tailor offers made to consumers over the telephone or on the Internet in real time. The Company is one of the largest non-carrier providers of Caller ID services, and provides a comprehensive market analytics platform that enables clients to segment and score customers and prospects for real-time interactive marketing initiatives. Additionally, the Company's business listings identity management service provides local businesses and local search platforms with a single, trusted source of verified business listings for local searches. The Company's online audience marketing solution enables online advertisers to display relevant advertisements to specific audiences, increasing the effectiveness of online advertising and delivering a more useful online experience for consumers using a database and targeting system that protect a consumer's privacy.

The Company reports segment information based on the "management" approach which relies on the internal performance measures used by the CODM to assess the performance of each operating segment in a

**NEUSTAR, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

given period. In connection with that assessment, the CODM reviews revenues and segment contribution, which excludes certain unallocated costs within the following expense classifications: cost of revenue, sales and marketing, research and development and general and administrative. Depreciation and amortization and restructuring charges are also excluded from segment contribution.

The Company's historical Carrier Services segment disclosures have been recast for comparative purpose to exclude the discontinued operations of its Converged Messaging Services business. Information for the years ended December 31, 2009, 2010, and 2011 regarding the Company's reportable segments from continuing operations was as follows (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
Revenue:			
Carrier Services	\$357,339	\$391,762	\$447,894
Enterprise Services	109,914	129,104	151,390
Information Services	—	—	21,171
Total revenue	<u>\$467,253</u>	<u>\$520,866</u>	<u>\$620,455</u>
Segment contribution:			
Carrier Services	\$317,070	\$352,317	\$391,000
Enterprise Services	46,130	59,284	65,080
Information Services	—	—	12,583
Total segment contribution	<u>363,200</u>	<u>411,601</u>	<u>468,663</u>
Indirect operating expenses:			
Cost of revenue (excluding depreciation and amortization shown separately below)	66,080	75,690	83,990
Sales and marketing	15,269	16,345	17,340
Research and development	10,644	11,871	16,234
General and administrative	50,651	63,750	92,317
Depreciation and amortization	29,852	32,861	46,209
Restructuring charges	974	5,361	3,549
Consolidated income from operations	<u>\$189,730</u>	<u>\$205,723</u>	<u>\$209,024</u>

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

**NEUSTAR, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Enterprise-Wide Disclosures***

Geographic area revenues and service offering revenues from external customers for the years ended December 31, 2009, 2010 and 2011, and geographic area long-lived assets as of December 31, 2010 and 2011 are as follows (in thousands):

	Year Ended December 31,		
	2009	2010	2011
Revenues by geographical areas:			
North America	\$440,479	\$489,770	\$581,914
Europe and Middle East	15,228	17,057	24,443
Other regions	11,546	14,039	14,098
Total revenues	<u>\$467,253</u>	<u>\$520,866</u>	<u>\$620,455</u>
Revenues by service offerings:			
Carrier Services:			
Numbering Services	\$329,513	\$361,813	\$397,973
Order Management Services	20,983	19,815	35,804
IP Services	6,843	10,134	14,117
Total Carrier Services	<u>357,339</u>	<u>391,762</u>	<u>447,894</u>
Enterprise Services:			
Internet Infrastructure Services	55,631	69,113	82,987
Registry Services	54,283	59,991	68,403
Total Enterprise Services	<u>109,914</u>	<u>129,104</u>	<u>151,390</u>
Information Services:			
Identification Services	—	—	13,873
Verification & Analytics Services	—	—	4,465
Local Search & Licensed Data Services	—	—	2,833
Total Information Services	<u>—</u>	<u>—</u>	<u>21,171</u>
Total revenues	<u>\$467,253</u>	<u>\$520,866</u>	<u>\$620,455</u>
	Year Ended December 31,		
	2010	2011	
Long-lived assets, net			
North America	\$91,675	\$438,799	
Central America	—	45	
Europe and Middle East	1,588	25	
Other regions	7	1	
Total long-lived assets, net	<u>\$93,270</u>	<u>\$438,870</u>	

**17. EMPLOYEE BENEFIT PLANS**

The Company has a 401(k) Profit-Sharing Plan for the benefit of all employees who meet certain eligibility requirements. This plan covers substantially all of the Company's full-time employees. The Company makes matching and other discretionary contributions under this plan, as determined by the Board of Directors. The Company recognized contribution expense totaling \$4.3 million, \$4.2 million and \$5.0 million for the years ended December 31, 2009, 2010 and 2011 respectively.



**NEUSTAR, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In June 2008, the Company established the NeuStar, Inc. Deferred Compensation Plan. The Deferred Compensation Plan allows directors and key employees to defer a portion of their salary and up to 100% of their bonus, commissions, incentive awards, directors' fees, and certain equity-based cash compensation, as applicable. The assets of the Deferred Compensation Plan are held in a Rabbi Trust, and are therefore available to satisfy the claims of creditors in the event of bankruptcy or insolvency of the Company. The assets of the Rabbi Trust are invested in marketable securities and reported at market value. Changes in the fair value of the securities are reflected in accumulated other comprehensive loss. The assets of the Rabbi Trust are recorded within other assets on the consolidated balance sheets. As of December 31, 2010 and 2011, the assets held in the Rabbi Trust were approximately \$3.7 million and \$4.0 million, respectively. As of December 31, 2010 and 2011, the Company's unrealized gain was approximately \$0.6 million and \$16,000, respectively, attributable to the securities held in the Rabbi Trust.

The Deferred Compensation Plan participants make investment allocation decisions on amounts deferred under the Deferred Compensation Plan solely for the purpose of adjusting the value of a participant's account balance. The participant does not have a real or beneficial ownership interest in any securities held in the Rabbi Trust. Obligations to pay benefits under the Deferred Compensation Plan are reported at fair value as deferred compensation in other long-term liabilities. As of December 31, 2010 and 2011, the deferred compensation obligation related to the Deferred Compensation Plan was approximately \$3.6 million and \$4.0 million, respectively. Changes in the fair value of the deferred compensation obligation are reflected in deferred compensation expense. The Company recognized losses of \$0.4 million, \$0.3 million and \$0.4 million in compensation expense for changes in the fair value of the deferred compensation obligation during the years ended December 31, 2009, 2010 and 2011, respectively.

**18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)**

The following is unaudited quarterly financial information for the two year period ended December 31, 2011. In management's opinion, the unaudited financial information has been prepared on the same basis as the audited information and includes all adjustments (consisting only of normal recurring adjustments) necessary for fair presentation of the quarterly financial information presented.

	Quarter Ended			
	Mar. 31, 2010	Jun. 30, 2010	Sep. 30, 2010	Dec. 31, 2010
	(in thousands, except per share data)			
Summary consolidated statement of operations:				
Total revenue	\$126,835	\$127,731	\$129,438	\$136,862
Income from operations	46,967	53,307	53,320	52,129
Income from continuing operations	28,323	32,527	31,820	31,358
(Loss) income from discontinued operations	(3,121)	(3,954)	(1,871)	(8,873)
Net income	25,202	28,573	29,949	22,485
Basic net income (loss) per common share from:				
Continuing operations	\$ 0.38	\$ 0.43	\$ 0.43	\$ 0.42
Discontinued operations	(0.04)	(0.05)	(0.03)	(0.12)
Basic net income per common share	<u>\$ 0.34</u>	<u>\$ 0.38</u>	<u>\$ 0.40</u>	<u>\$ 0.30</u>
Diluted net income (loss) per common share from:				
Continuing operations	\$ 0.37	\$ 0.42	\$ 0.42	\$ 0.42
Discontinued operations	(0.04)	(0.05)	(0.03)	(0.12)
Diluted net income per common share	<u>\$ 0.33</u>	<u>\$ 0.37</u>	<u>\$ 0.39</u>	<u>\$ 0.30</u>

**NEUSTAR, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	Quarter Ended			
	Mar. 31, 2011	Jun. 30, 2011	Sep. 30, 2011	Dec. 31, 2011
	(in thousands, except per share data)			
Summary consolidated statement of operations:				
Total revenue	\$146,095	\$147,683	\$152,497	\$174,180
Income from operations	56,315	55,235	58,075	39,399
Income from continuing operations	33,465	33,616	37,773	18,720
Income (loss) from discontinued operations	38,510	(1,261)	—	—
Net income	71,975	32,355	37,773	18,720
Basic net income (loss) per common share from:				
Continuing operations	\$ 0.45	\$ 0.46	\$ 0.52	\$ 0.26
Discontinued operations	0.52	(0.02)	—	—
Basic net income per common share	<u>\$ 0.97</u>	<u>\$ 0.44</u>	<u>\$ 0.52</u>	<u>\$ 0.26</u>
Diluted net income (loss) per common share from:				
Continuing operations	\$ 0.45	\$ 0.45	\$ 0.51	\$ 0.26
Discontinued operations	0.51	(0.02)	—	—
Diluted net income per common share	<u>\$ 0.96</u>	<u>\$ 0.43</u>	<u>\$ 0.51</u>	<u>\$ 0.26</u>



## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

## **ITEM 9A. CONTROLS AND PROCEDURES**

Attached as exhibits to this Form 10-K are certifications of our Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended. This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications. The report of Ernst & Young LLP, our independent registered public accounting firm, regarding its audit of our internal control over financial reporting is set forth below in this section. This section should be read in conjunction with the certifications and the Ernst & Young report for a more complete understanding of the topics presented.

### **Evaluation of Disclosure Controls and Procedures**

We conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" as of the end of the period covered by this Form 10-K. The controls evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Disclosure controls are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed to reasonably assure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our quarterly evaluation of disclosure controls includes an evaluation of some components of our internal control over financial reporting, and internal control over financial reporting is also separately evaluated on an annual basis for purposes of providing the management report which is set forth below.

The evaluation of our disclosure controls included a review of the controls' objectives and design, our implementation of the controls and their effect on the information generated for use in this Form 10-K. In the course of the controls evaluation, we reviewed identified data errors, control problems or indications of potential fraud and, where appropriate, sought to confirm that appropriate corrective actions, including process improvements, were being undertaken. This type of evaluation is performed on a quarterly basis so that the conclusions of management, including the Chief Executive Officer and Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-Q and Form 10-K. Many of the components of our disclosure controls are also evaluated on an ongoing basis by our finance organization. The overall goals of these various evaluation activities are to monitor our disclosure controls, and to modify them as necessary. Our intent is to maintain the disclosure controls as dynamic systems that change as conditions warrant.

Based upon the controls evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Form 10-K, our disclosure controls were effective to provide reasonable assurance that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that material information related to NeuStar and its consolidated subsidiaries is made known to management, including the Chief Executive Officer and Chief Financial Officer, particularly during the period when our periodic reports are being prepared. We reviewed the results of management's evaluation with the Audit Committee of our Board of Directors.

## **Management Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining effective internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP; and (iii) provide reasonable assurance regarding authorization to effect the acquisition, use or disposition of Company assets, as well as the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management assessed our internal control over financial reporting as of December 31, 2011, the end of our fiscal year. Management based its assessment on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed by our finance organization.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

Our assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Targus Information Corporation, which was included in our 2011 consolidated financial statements since the acquisition date of November 8, 2011 and constituted 5.2% of total assets, excluding goodwill and intangible assets acquired, as of December 31, 2011 and 3.4% of revenues for the year then ended.

Our independent registered public accounting firm, Ernst & Young LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. Ernst & Young has issued an attestation report, which is included at the end of this section.

### **Inherent Limitations on Effectiveness of Controls**

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Other inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

### **Changes in Internal Control over Financial Reporting**

On a quarterly basis we evaluate any changes to our internal control over financial reporting to determine if material changes occurred. There were no changes in our internal controls over financial reporting during the quarterly period ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
NeuStar, Inc.

We have audited NeuStar, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). NeuStar, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Targus Information Corporation, which is included in the 2011 consolidated financial statements of NeuStar, Inc. and constituted 5.2% of total assets, excluding goodwill and intangible assets acquired, as of December 31, 2011 and 3.4% of revenues for the year then ended. Our audit of internal control over financial reporting of NeuStar, Inc. also did not include an evaluation of the internal control over financial reporting of Targus Information Corporation.

In our opinion, NeuStar, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.



We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NeuStar, Inc. as of December 31, 2010 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011 and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

McLean, Virginia  
February 29, 2012

**ITEM 9B. OTHER INFORMATION**

None.

### **PART III**

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE**

Information about our directors and executive officers and our corporate governance is incorporated by reference to our definitive proxy statement for our 2012 Annual Meeting of Stockholders, or our 2012 Proxy Statement, which is anticipated to be filed with the Securities and Exchange Commission within 120 days of December 31, 2011, under the headings "Board of Directors," "Executive Officers and Management" and "Governance of the Company." Information about compliance with Section 16(a) of the Exchange Act is incorporated by reference to our 2012 Proxy Statement under the heading "Section 16(a) Beneficial Ownership Reporting Compliance." Information about our Audit Committee, including the members of the Audit Committee, and Audit Committee financial experts, is incorporated by reference to our 2012 Proxy Statement under the heading "Governance of the Company." Information about the NeuStar policies on business conduct governing our employees, including our Chief Executive Officer, Chief Financial Officer and our controller, is incorporated by reference to our 2012 Proxy Statement under the heading "Governance of the Company."

#### **ITEM 11. EXECUTIVE COMPENSATION**

Information required by Item 11 of this report is incorporated by reference to our 2012 Proxy Statement, under the heading "Compensation."

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required by Item 12 of this report is incorporated by reference to our 2012 Proxy Statement, under the headings "Beneficial Ownership of Shares of Common Stock" and "Equity Compensation Plan Information."

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information required by Item 13 of this report is incorporated by reference to our 2012 Proxy Statement, under the heading "Governance of the Company."

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information about the fees for professional services rendered by our independent registered public accounting firm in 2010 and 2011 is incorporated by reference to the discussion under the heading "Audit and Non-Audit Fees" in our 2012 Proxy Statement. Our audit committee's policy on pre-approval of audit and permissible non-audit services of our independent registered public accounting firm is incorporated by reference from the discussion under the heading "Governance of the Company."



## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1)

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	56
Consolidated Financial Statements covered by the Report of Independent Registered Public Accounting Firm:	
Consolidated Balance Sheets as of December 31, 2010 and 2011	57
Consolidated Statements of Operations for the years ended December 31, 2009, 2010 and 2011	59
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2009, 2010 and 2011	60
Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2010 and 2011	61
Notes to the Consolidated Financial Statements	62

(2)

Schedule for the three years ended December 31, 2009, 2010 and 2011:	
II — Valuation and Qualifying Accounts	112
(a) (3) and (b) Exhibits required by Item 601 of Regulation S-K:	

**NEUSTAR, INC.**

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**

	As of December 31,		
	2009	2010	2011
	(in thousands)		
<b>Allowance for Doubtful Accounts</b>			
Beginning Balance	\$ 1,209	\$ 1,425	\$ 1,435
Additions	3,045	2,600	2,596
Reductions (1)	(2,829)	(2,590)	(2,089)
Ending Balance	<u>\$ 1,425</u>	<u>\$ 1,435</u>	<u>\$ 1,942</u>
 <b>Deferred Tax Asset Valuation Allowance</b>			
Beginning Balance	\$ 2,864	\$ 2,610	\$ 2,340
Additions (2)	15	266	44,002
Reductions	(269)	(536)	(371)
Ending Balance	<u>\$ 2,610</u>	<u>\$ 2,340</u>	<u>\$45,971</u>

- (1) Includes the reinstatement and subsequent collections of account receivable that were previously written-off.
- (2) Includes \$43.2 million related to U.K. net operating loss carryforwards. As of December 31, 2011, certain losses generated by NGM Services are no longer prevented from use in another jurisdiction under U.S. tax law and are recorded as United Kingdom (U.K.) net operating loss carryforwards. The Company is evaluating limitations that may apply to its U.K. net operating losses to determine the amount of the net operating losses that are ultimately available for carryforward indefinitely under U.K. tax law. Upon recognition of the deferred tax asset associated with its U.K. net operating loss carryforwards, the Company recorded a full valuation allowance against the asset. See Note 13 of our Consolidated Financial Statements in Item 8 of Part II of this report.

**Exhibit Index**

See exhibits listed under the Exhibit Index below.



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 29, 2012.

NEUSTAR, INC.

By:           /s/ LISA A. HOOK            
**Lisa A. Hook**  
**President and Chief Executive Officer**

We, the undersigned directors and officers of NeuStar, Inc., hereby severally constitute Lisa A. Hook and Paul S. Lalljie, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 29, 2012.

<u>Signature</u>	<u>Title</u>
<u>          /s/ LISA A. HOOK          </u> <span style="margin-left: 100px;"><b>Lisa A. Hook</b></span>	President, Chief Executive Officer (Principal Executive Officer) and Director
<u>          /s/ PAUL S. LALLJIE          </u> <span style="margin-left: 100px;"><b>Paul S. Lalljie</b></span>	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u>          /s/ JAMES G. CULLEN          </u> <span style="margin-left: 100px;"><b>James G. Cullen</b></span>	Chairman, Board of Directors
<u>          /s/ GARETH CHANG          </u> <span style="margin-left: 100px;"><b>Gareth Chang</b></span>	Director
<u>          /s/ JOEL P. FRIEDMAN          </u> <span style="margin-left: 100px;"><b>Joel P. Friedman</b></span>	Director
<u>          /s/ ROSS K. IRELAND          </u> <span style="margin-left: 100px;"><b>Ross K. Ireland</b></span>	Director
<u>          /s/ PAUL A. LACOUTURE          </u> <span style="margin-left: 100px;"><b>Paul A. Lacouture</b></span>	Director
<u>          /s/ MICHAEL J. ROWNY          </u> <span style="margin-left: 100px;"><b>Michael J. Rowny</b></span>	Director
<u>          /s/ HELLENE S. RUNTAGH          </u> <span style="margin-left: 100px;"><b>Hellene S. Runtagh</b></span>	Director

## Exhibit Index

Exhibits identified in parentheses below are on file with the SEC and are incorporated herein by reference. All other exhibits are provided as part of this electronic submission.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
(2.1)	Agreement and Plan of Merger, dated as of October 10, 2011, by and among NeuStar, Inc., Tumi Merger Sub, Inc., Targus Information Corporation and Michael M. Sullivan, as Stockholder Representative, incorporated herein by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed October 11, 2011.
(3.1)	Restated Certificate of Incorporation, incorporated herein by reference to Exhibit 3.1 to Amendment No. 7 to our Registration Statement on Form S-1, filed June 28, 2005 (File No. 333-123635).
(3.2)	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed December 16, 2010.
(10.1)	Contractor services agreement entered into the 7th day of November 1997 by and between NeuStar, Inc. and North American Portability Management LLC, as amended, incorporated herein by reference to (a) Exhibit 10.1 to our Quarterly Report on Form 10-Q, filed August 15, 2005; (b) Exhibit 10.1.1. to our Annual Report on Form 10-K, filed March 29, 2006; (c) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed August 14, 2006; (d) Exhibit 10.1.3 to our Quarterly Report on Form 10-Q, filed August 14, 2006**; (e) Exhibit 99.1 to our Current Report on Form 8-K, filed September 22, 2006; (f) Exhibit 10.1.1 to our Annual Report on Form 10-K, filed March 1, 2007; (g) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed November 5, 2007**, (h) Exhibit 10.1.1 to our Annual Report on Form 10-K, filed February 28, 2008, (i) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed November 10, 2008; (j) Exhibit 99.1 to our Current Report on Form 8-K, filed on January 28, 2009; (k) Exhibit 10.1.3 to our Quarterly Report on Form 10-Q, filed on August 4, 2009; and (l) Exhibit 10.1.4 to our Quarterly Report on Form 10-Q, filed on October 30, 2009, (m) Exhibit 10.1.1 to our Annual Report on form 10-K, filed February 26, 2010; (n) Exhibit 10.1.2 to our Quarterly Report on Form 10-Q, filed on July 28, 2010; and (o) Exhibit 10.1.1 to our Quarterly Report on Form 10-Q, filed April 27, 2011.
(10.2)	NeuStar, Inc. 1999 Equity Incentive Plan (the "1999 Plan"), incorporated herein by reference to Exhibit 10.8 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635).†
(10.3)	NeuStar, Inc. 2005 Stock Incentive Plan (the "2005 Plan"), incorporated herein by reference to Exhibit 10.51 to our Quarterly Report on Form 10-Q, filed August 8, 2007.†
(10.4)	TARGUS Information Corporation Amended and Restated 2004 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Registration Statement on Form S-8, filed November 18, 2011 (File No. 333-177979).†
(10.5)	AMACAI Information Corporation 2004 Stock Incentive Plan. Incorporated by reference to Exhibit 99.1 to our Registration Statement on Form S-8, filed November 14, 2011 (File No. 333-177976).†
(10.6)	Loudoun Tech Center Office Lease by and between Merritt-LT1, LLC, Landlord, and NeuStar, Inc., Tenant, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on June 2, 2009.
(10.7)	Loudoun Tech Center Office Lease by and between Merritt-LT1, LLC, Landlord, and NeuStar, Inc., Tenant, incorporated herein by reference to (a) Exhibit 10.37 to Amendment No. 2 to our Registration Statement on Form S-1, filed May 11, 2005 (File No. 333-123635) and (b) Exhibit 99.2 to our Current Report on Form 8-K, filed June 2, 2009.



- (10.8) Lease, dated January 20, 2010, by and between Ridgetop Three, L.L.C. and NeuStar, Inc., incorporated herein by reference to (a) Exhibit 99.1 to our Current Report on Form 8-K, filed January 20, 2010, and (b) Exhibit 10.61.1 to our Quarterly Report on Form 10-Q, filed October 28, 2010.
- (10.9) Credit Agreement dated as of November 8, 2011 among NeuStar, Inc., Morgan Stanley Senior Funding Inc., as Administrative Agent, Initial Swing Line Bank and Collateral Agent, and the guarantors, other agents and lenders party thereto, incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed November 8, 2011 (File No. 001-32548).
- (10.10) Security Agreement dated as of November 8, 2011 among NeuStar, Inc., Morgan Stanley Senior Funding Inc., as Collateral Agent for the secured parties thereto and the subsidiaries of Neustar, Inc. party thereto, incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed November 8, 2011 (File No. 001-32548).
- (10.11) NeuStar, Inc. 2010 Key Employee Severance Pay Plan, incorporated herein by reference to Exhibit 10.28 to our Current Report on Form 8-K, filed July 28, 2010.†
- (10.12) Executive Relocation Policy, incorporated herein by reference to Exhibit 10.29 to our Quarterly Report on Form 10-Q, filed August 4, 2009.†
- (10.13) Form of Nonqualified Stock Option Agreement under the 2005 Plan, incorporated herein by reference to Exhibit 99.4 to our Current Report on Form 8-K, filed March 5, 2007.†
- (10.14) Form of Incentive Stock Option Agreement under the 2005 Plan, incorporated herein by reference to Exhibit 10.47 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635).†
- 10.15 Form of Indemnification Agreement.†
- (10.16) Summary Description of Non-Management Director Compensation incorporated herein by reference to Exhibit 10.22 to our Quarterly Report on Form 10-Q, filed July 28, 2011.†
- (10.17) Forms of Directors' Restricted Stock Unit Agreement, incorporated herein by reference to (a) Exhibit 99.2 to our Current Report on Form 8-K, filed April 14, 2006;(b) Exhibit 10.36 to our Quarterly Report on Form 10-Q, filed August 4, 2009; (c) Exhibit 10.46 to our Quarterly Report on Form 10-Q, filed July 28, 2011; and (d) Exhibit 10.47 to our Quarterly Report on Form 10-Q, filed July 28, 2011.†
- (10.18) Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K/A, filed February 28, 2008.†
- (10.19) Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K/A, filed February 28, 2008.†
- (10.20) Second Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K/A, filed February 28, 2008.†
- (10.21) Form of Nonqualified Stock Option Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated by reference from Exhibit 99.2 to our Current Report on Form 8-K, filed December 15, 2009. †
- (10.22) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed March 1, 2010. †
- (10.23) Form of Restricted Stock Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed March 1, 2010. †

- (10.24) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 10.46 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.25) Form of Restricted Stock Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, as amended incorporated herein by reference to Exhibit 10.47 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.26) Form of Nonqualified Stock Option Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference from Exhibit 10.48 to our Quarterly Report on Form 10-Q, filed April 27, 2011. †
- (10.27) NeuStar, Inc. Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.31 to our Quarterly Report on Form 10-Q, filed July 28, 2011. †
- (10.28) Form of Agreement Respecting Noncompetition, Nonsolicitation and Confidentiality, incorporated herein by reference to Exhibit 10.41 to our Quarterly Report on Form 10-Q, filed May 12, 2008.
- (10.29) Employment Agreement, made as of January 15, 2009, by and between NeuStar, Inc. and Paul Lalljie, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed January 15, 2009, as superseded by Compensation Agreement, made as of December 9, 2009, by and between Neustar, Inc. and Paul Lalljie, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on December 15, 2009. †
- (10.30) NeuStar, Inc. 2009 Performance Achievement Reward Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed February 27, 2009. †
- (10.31) Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K, filed February 27, 2009. †
- (10.32) Form of Performance Award Agreement under the NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K, filed December 15, 2009. †
- (10.33) NeuStar, Inc. 2009 Stock Incentive Plan, incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K, filed on April 13, 2009. †
- (10.34) Form of Agreement Respecting Noncompetition, Nonsolicitation and Nondisparagement, incorporated herein by reference to Exhibit 10.42 to our Annual Report on Form 10-K, filed February 25, 2011. †
- (10.35) Board Stock Ownership Guidelines, incorporated herein by reference to Exhibit 10.43 to our Annual Report on Form 10-K, filed February 25, 2011.
- (10.36) Form of Performance Award Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, as amended, incorporated herein by reference to Exhibit 99.3 to our Current Report on Form 8-K, filed July 13, 2007. †
- (10.37) Form of Restricted Stock Agreement under the NeuStar, Inc. 2005 Stock Incentive Plan, incorporated by reference to Exhibit 10.45 to Amendment No. 3 to our Registration Statement on Form S-1, filed May 27, 2005 (File No. 333-123635). †
- 21.1 Subsidiaries of NeuStar, Inc.
- 23.1 Consent of Ernst & Young LLP, independent registered public accounting firm.
- 24.1 Power of Attorney (included on the signature page herewith).
- 31.1 Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.



31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Update to the Functional Requirements Specification, which is attached as Exhibit B to the contractor services agreement by and between NeuStar, Inc. and North American Portability Management, LLC.
99.2	Update to the Interoperable Interface Specification, which is attached as Exhibit C to the contractor services agreement by and between NeuStar, Inc. and North American Portability Management, LLC.
101.INS	XBRL Instance Document***
101.SCH	XBRL Taxonomy Extension Schema***
101.CAL	XBRL Taxonomy Extension Calculation***
101.DEF	XBRL Taxonomy Extension Definition***
101.LAB	XBRL Taxonomy Extension Label***
101.PRE	XBRL Taxonomy Extension Presentation***

† Compensation arrangement.

\*\* Confidential treatment has been requested or granted for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

\*\*\* Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions or other liability provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. In addition, users of this data are advised that, pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.



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# neustar.

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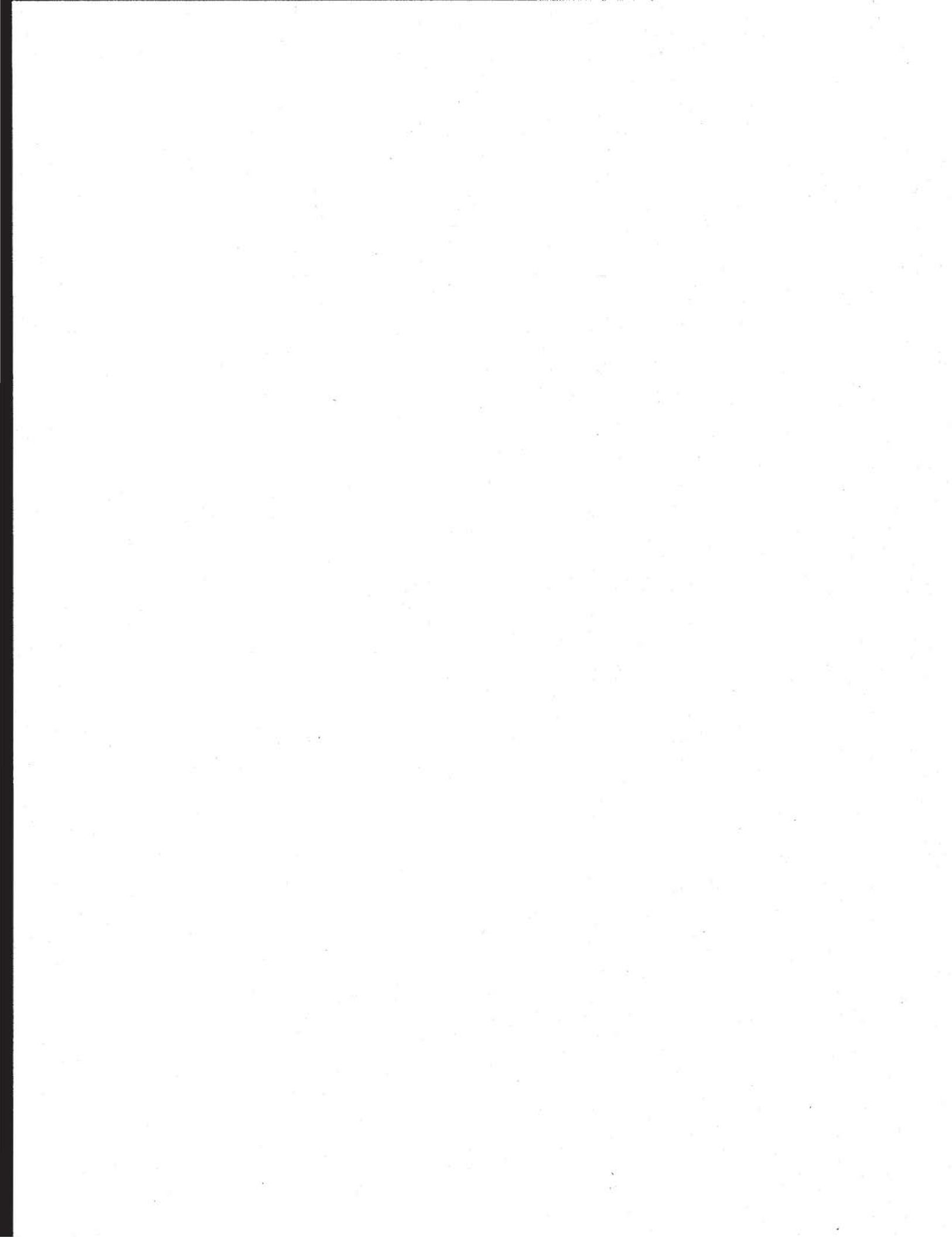
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**LISTED**  
**NYSE.**





**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-K**

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2012**

**Or**

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File No. 001-32548**

**NeuStar, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*State or other jurisdiction of  
incorporation or organization*

**21575 Ridgetop Circle**

**Sterling, Virginia**

*(Address of principal executive offices)*

**52-2141938**

*(I.R.S. Employer  
Identification No.)*

**20166**

*(Zip Code)*

**(571) 434-5400**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class

Name of Each Exchange on Which Registered

Class A Common Stock

New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On February 21, 2013, 66,134,805 shares of NeuStar Class A common stock were outstanding and 3,082 shares of NeuStar Class B common stock were outstanding. The aggregate market value of the NeuStar common equity held by non-affiliates as of June 30, 2012 was approximately \$2.83 billion.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of NeuStar's definitive proxy statement for its 2013 Annual Meeting of Stockholders, which NeuStar intends to file with the Securities and Exchange Commission within 120 days of December 31, 2012.